**Crater Exploration, Inc.**

954 East 7145 South
Suite 202
Midvale, Utah 84047
(801) 255-3183

RECEIVED

DEC 21 1983

**DIVISION OF
OIL, GAS & MINING**

20 December 1983

Mr. Cy Young
Engineering Geologist
State of Utah, D.O.G.M.
4241 State Office Building
Salt Lake City, Utah 84114

Dear Mr. Young:

We hereby apply for an exploration permit on the Taylor Livestock Inc. Property for investigation and testing of the material for recovery of placer gold. We are immediately beginning the process for a mining permit application so that, if the recovery process proves economically profitable, we will then be able to proceed with a production operation by the coming spring.

LOCATION OF PROPERTY

The property is located in Grand County, Utah in Lot 4, Section 7, Township 23 South, Range 24 East, S.L.B. & M.

PRESENT DISPOSITION OF PROPERTY

The property is owned by Taylor Livestock, Inc., a Utah corporation. The total parcel owned by Taylor Livestock includes Lots 4, 5 and 6 of the above described subdivision and includes approximately 110 acres. Mineral rights are held jointly by Taylor Livestock, Inc. and Nellie McPherson. A lease has been duly executed and recorded in the office of the Grand County Recorder in Moab, giving us the rights and privileges to conduct exploration and, if feasible, production operations on that property.

The property, at the present, is used strictly for grazing purposes with the exception of the area that has previously been disturbed and excavated where we are planning to set up our pilot operation.

ACCESS

Access is achieved through an existing driveway going North into the property off Utah Highway #128 within 100 yards of the North end of the Dewey Bridge. No new roads or driveways are anticipated during the exploration phase.

EXTENT OF EXPLORATION

Exploration is to take place primarily in the South half of Lot 4 within the excavated area of a previous operation. A small pilot plant will be set up with an ultimate total processing capability of about 60

to 80 tons per day. The new disturbed ground surface should not exceed two acres during the exploration phase.

TIME SCHEDULE

Our plan is to start the exploration as soon as we can set up the equipment, and will continue until spring. By then we should have established the economics of the recovery process and the mining permit application well on its way. Your prompt consideration and approval will be very much appreciated.

RECLAMATION

The area of our planned exploration operation is located entirely within an already excavated and exposed area, which is basically a gravel pit and therefore should not need any particular reclamation procedures. However, if we decide to go into production at a later date, all reclamation activities will be conducted in accordance with the mining permit as issued by the State of Utah at that time.

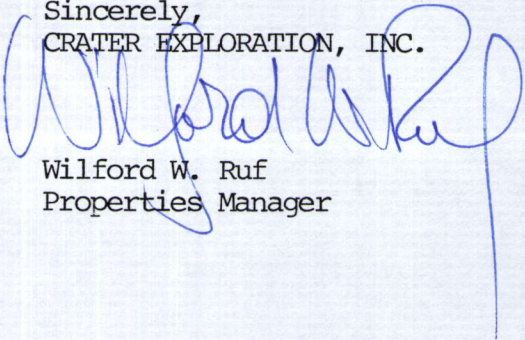
OPERATOR AND RESPONSIBLE PERSON IN CHARGE

Operator will be Crater Exploration, Inc., 954 East 7145 South, Suite 202 Midvale, Utah, 84047, Telephone 255-3183. Person in charge of all Minesite operations at the home office is Reid Carlson. Person in charge of that particular operation at the Minesite proper is Dave Gillen, 518 South Walker, Moab, Utah, 84532, Telephone at the Minesite will be 303-245-3660, Unit 5138.

If you have any further questions please feel free to contact either myself or any of the individuals named above at the phone numbers listed above.

Thank you very much for your cooperation.

Sincerely,
CRATER EXPLORATION, INC.


Wilford W. Ruf
Properties Manager

WWR/jea